

SENATE BILL 783

By Dickerson

AN ACT to amend Tennessee Code Annotated, Title 9, Chapter 23; Title 13, Chapter 20 and Title 29, Chapter 17, relative to public planning.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 13, Chapter 20, is amended by adding the following as a new part:

**13-20-701.**

The general assembly finds and declares that:

(1) There are areas in counties and municipalities of this state that have a transit deficiency where the absence of facilities for high capacity transit options constitutes a serious and growing menace that is injurious to the public health, safety, morals, and welfare of residents;

(2) The existence of such transit-deficient areas constitutes an economic and social liability imposing onerous burdens that substantially impair or arrest sound growth, aggravate traffic problems, and substantially hamper the elimination of traffic hazards, the implementation of solutions to traffic congestion, and the improvement of traffic facilities;

(3) The prevention and elimination of such transit-deficient areas is a matter of state policy and state concern in order that the state and its counties and municipalities shall not continue to be endangered by such areas;

(4) Certain transit-deficient areas, or portions thereof, may require acquisition, clearance, and disposition, subject to use restrictions, as provided in

this part, since the prevailing conditions make impracticable the reclamation of the area by conservation or rehabilitation;

(5) Other areas, or portions thereof, may, through the means provided in this part, be susceptible to conservation or rehabilitation in such a manner that the conditions and evils enumerated may be eliminated, remedied, or prevented;

(6) Such areas can be conserved and rehabilitated through appropriate public action to decrease vehicular congestion for residents, provide suitable density for development, and prevent sprawl into rural areas of the state, and through the cooperation and voluntary action of the owners and tenants of property in such areas; and

(7) The powers conferred under this part are for public uses and purposes for which public money may be expended and police power exercised, and the necessity in the public interest is declared as a matter of legislative determination.

**13-20-702.**

As used in this part, unless the context otherwise requires:

(1) "High capacity transit":

(A) Means a form of mass transit that carries more people or provides more frequent service than a local bus service with the goal of providing faster, more convenient, and more reliable service for a larger number of passengers; and

(B) Includes subway, monorail, heavy rail, commuter rail, light rail, streetcar, and bus rapid transit;

(2) "High capacity transit area" means a geographic area located within one thousand three hundred twenty feet (1,320') of a street:

(A) Designated in a county's major street plan;

(B) Proposed to carry high capacity transit as designated on the county's transit plan; and

(C) Located in an area designated by the community's land use plan for mixed use or high density residential development;

(3) "High capacity transit facility" means a right of way for high capacity transit, boarding stations, transit centers, rail track, bridges, traffic signalization for high capacity transit, high capacity transit lane markings, park-and-ride lots, and any other improvements necessary for carrying out high capacity transit; and

(4) "Transit-deficient area":

(A) Means a high capacity transit area where facilities for high capacity transit are necessary to promote the elimination of traffic hazards, the implementation of regional solutions to traffic congestion, and the improvement of traffic facilities in order to protect the safety, health, morals, and welfare of the community; and

(B) Does not include land used predominantly in agriculture, as defined in § 1-3-105.

**13-20-703.**

(a) Any housing authority established under this chapter may carry out any transit-oriented redevelopment project and to that end may:

(1) Acquire transit-deficient areas;

(2) Acquire other real property for the purpose of removing, preventing, or reducing:

(A) Blight resulting from transit deficiency;

(B) Blighting factors resulting from transit deficiency; or

(C) The causes of blight resulting from transit deficiency;

(3) Acquire real property where the condition of the title, the diverse ownership of the aggregate real property to be acquired, the street or lot layouts,

or other conditions prevent a proper development of the property, and where the acquisition of the area by the authority is necessary to carry out a transit-oriented redevelopment plan;

(4) Acting on its own or through third parties engaged to act on the housing authority's behalf:

(A) Clear any areas acquired, including:

(i) Relocation of utility facilities;

(ii) Demolition, in whole or in part, of buildings and improvements located on the acquired property; and

(iii) Removal or remediation of any environmental contamination;

(B) Install, construct, or reconstruct streets, utilities, and site improvements essential to the preparation and development of sites for uses in accordance with a transit-oriented redevelopment plan;

(C) Install, construct, or reconstruct parks, public open spaces, public playgrounds, pedestrian ways, and all parking structures, regardless of use, in accordance with a transit-oriented redevelopment plan;

(D) Install, construct, or reconstruct privately-owned affordable housing or workforce housing as those terms are defined in § 5-9-113;

(E) Pay expenses for relocation, administrative costs, planning and engineering costs, energy efficiency costs, and legal expenses associated with exercising the powers granted in this section or with carrying out a transit-oriented redevelopment plan;

(F) Pay the design costs, commissioning costs and fees, and costs of required documentation associated with meeting the requirements of Leadership in Energy and Environmental Design (LEED), Green Globes, or other similar programs, as well as greening costs and energy modeling costs for certification by such programs of new construction, existing buildings, and other projects;

(G) Install, construct, add to, improve, or reconstruct public infrastructure, including high capacity transit facilities, water, solid waste, transportation, telecommunication, energy use capture and transmittal, power systems, and alternative power systems or alternate power projects that incorporate principles of urban sustainability, eco-efficiency, and global sustainable development; and

(H) Take all other necessary actions designed to further the goals and local objectives articulated in the transit-oriented redevelopment plan;

(5) Sell or lease acquired land for uses in accordance with the transit-oriented redevelopment plan;

(6) Use any combination of powers specified in this section to carry out a transit-oriented redevelopment plan;

(7) Have and enjoy all the rights, powers, privileges, and immunities granted to housing authorities under this chapter or any other provisions of law relating to slum clearance and housing projects for persons of low income; and

(8) Borrow money upon its bonds, notes, or other evidences of indebtedness to finance any action authorized pursuant to this section and to carry out a transit-oriented redevelopment plan and, to the extent permitted by § 9-23-103, secure the same by pledges of its income and revenues generally or

its income and revenues from a particular redevelopment project or projects, including moneys received by any authority and placed in a special fund or funds pursuant to tax increment financing provisions contained in a transit-oriented redevelopment plan, or from grants or contributions from any government, or in any other manner.

(b) Nothing contained in § 13-20-113 or § 13-20-413 shall be construed as limiting the power of an authority, in the event of default by a purchaser or lessee of land in a transit-oriented redevelopment plan, to acquire property and operate it free from restrictions contained in §§ 13-20-113 and 13-20-413 relating to tenant selection or operation without profit.

(c) Notwithstanding subsection (a), the authority shall not use eminent domain to eliminate transit-deficient areas; provided, that the authority may use eminent domain to acquire land, or interests in land, for public facilities and public infrastructure, including high capacity transit facilities.

**13-20-704.**

(a)

(1) An authority shall not initiate any transit-oriented redevelopment project under this part until the governing body, or the agency designated by the governing body or empowered by law so to act, of the municipality in which any of the area to be covered by the transit-oriented redevelopment project is situated, has approved a transit-oriented redevelopment plan, which provides an outline for the development or redevelopment of the area and is sufficiently complete to:

(A) Indicate its relationship to definite local objectives as to appropriate land uses and improved traffic, public transportation, public

utilities, recreational and community facilities, and other public improvements;

(B) Indicate proposed land uses and building requirements in the area; and

(C) Indicate the method of the temporary relocation of persons living in such areas, and also the method of providing, unless already available, decent, safe, and sanitary dwellings substantially equal in number to the number of substandard dwellings to be cleared from the area, at rents within the financial reach of the income groups displaced from such substandard dwellings. Such municipalities are authorized to approve redevelopment plans through their governing body or the agency designated by the governing body for that purpose. Any state public body referred to in § 13-20-110 may cooperate with and assist housing authorities with respect to transit-oriented redevelopment projects in the same manner as though the section were applicable to transit-oriented redevelopment projects.

(2) Any disapproval of any transit-oriented redevelopment project by the governing body of a county as authorized by this section shall, however, be automatically dissolved wherever written agreement duly approved by the governing body of the municipality involved is furnished to the county governing body; provided, that the agreement shall exempt the county property tax levy and all proceeds from it generated within the transit-oriented redevelopment project from the tax increment financing provisions specified in § 13-20-706(a).

(3) A governing body shall not approve a plan until after a public hearing has been held by the governing body, or agency designated by it or empowered

by law so to act, to determine the necessity for the adoption of the plan, including the matters set forth in subdivision (a)(1). Notice of such public hearing shall be given in the following manner:

(A) By publishing once a week for three (3) consecutive weeks immediately preceding the public hearing in each newspaper of general circulation published in the municipality notice of the time, place, and purpose of the public hearing. The notice must include a facsimile of a map of the area to be included in the plan, with the streets or other lines marking the boundaries of the area clearly indicated, and which map shall be not less than four (4) columns in width; and

(B) By written notice to at least one (1) of the owners or at least one (1) of the occupants of each parcel of property within the area to be included within the plan of the time, place, and purpose of the public hearing. The notice must be sent not more than thirty (30) days and not less than ten (10) days before the hearing by mail, postage prepaid, or delivered, to such owners or occupants.

(4) The failure to give notice required in subdivision (a)(3) may be raised as a defense on the trial of the issue of the right of the housing authority to acquire the property by eminent domain under § 13-20-703(c); provided, that the defense may be raised only by an owner or occupant having an interest in the property. Such failure to provide notice shall constitute a defense unless in the judgment of the court there has been compliance with subdivision (a)(3)(A) and substantial compliance with subdivision (a)(3)(B) by mailing or delivering the notice to at least one (1) owner or one (1) occupant of two-thirds (2/3) of the lots or parcels of property within the affected area.

**13-20-705.**

(a) The authority may make land in a transit-oriented redevelopment project available for use by private enterprise or public agencies in accordance with the transit-oriented redevelopment plan. The land may be made available at its use value, which represents the value, whether expressed in terms of rental or capital price, at which the authority determines the land should be made available in order that it may be developed or redeveloped for the purposes specified in the plan.

(b)

(1) To assure that land acquired in a transit-oriented redevelopment project is used in accordance with the redevelopment plan, an authority, upon the sale or lease of the land, shall obligate purchasers or lessees to:

(A) Use the land for the purpose designated in the transit-oriented redevelopment plan;

(B) Begin the building of their improvements within a period of time which the authority fixes as reasonable; or

(C) Comply with any other conditions as are necessary to carry out the purposes of this part.

(2) Any such obligations by the purchaser shall be covenants and conditions running with the land where the authority so stipulates.

**13-20-706.**

(a) An authority is authorized to adopt a transit-oriented redevelopment plan that contains a tax increment financing provision stipulating that any taxes levied upon property within the boundaries of the transit-oriented redevelopment plan each year by a taxing agency after the effective date of the resolution of the governing body approving

the transit-oriented redevelopment plan or amendment, shall be divided as provided in § 9-23-103.

(b)

(1) If an authority adopts a transit-oriented redevelopment plan or an amendment to an existing plan that includes tax increment financing provisions, the new plan or the existing plan, as amended, must describe, in addition to the matters required by § 13-20-704(a)(1), the following:

(A) An estimate of the cost of the transit-oriented redevelopment project;

(B) The sources of revenue to finance the costs of the project, including the estimated tax increment;

(C) An estimate of the amount and the final maturity of bonded or other indebtedness to be incurred; and

(D) An estimate of the impact of the tax increment financing provision upon all taxing agencies in which the transit-oriented redevelopment project is to be located.

(2) The information set forth in subdivision (b)(1) shall be made available to the public not less than five (5) days prior to the date set for the public hearing required by § 13-20-704(a)(3).

(c)

(1) After the approval by the governing body of a transit-oriented redevelopment plan containing a tax increment financing provision or an amendment to an existing plan adding a tax increment financing provision, the authority shall transmit to the appropriate assessors of property and to each taxing agency to be affected:

(A) A copy of the description of all land within the transit-oriented redevelopment area;

(B) The date or dates of the approval of the transit-oriented redevelopment plan or amendment to the plan;

(C) A copy of the resolution approving the redevelopment plan or approving an amendment to the plan; and

(D) A map or plat indicating the boundaries of the property.

(2) Taxes shall, when collected, be allocated and paid in the manner provided in the transit-oriented redevelopment plan or amendment to the plan.

(d) The following types of property shall have the same tax status as if such leased property were owned by private individuals or corporations:

(1) Any property which the authority financed with tax increments, and leases to private individuals or corporations for development under a transit-oriented redevelopment plan; and

(2) Any property which the authority has financed with tax increments, and has developed under a transit-oriented redevelopment plan and leases to private individuals or corporations.

(e) In the event of any conflict between this section or this part and the Uniformity in Tax Increment Financing Act of 2012, compiled in title 9, chapter 23, title 9, chapter 23 shall control.

**13-20-707.**

An authority may borrow money or accept contributions from the federal government to assist in its undertaking transit-oriented redevelopment projects. An authority may do anything necessary or desirable to secure such financial aid, including obligating itself in any contract with the federal government for annual contributions to

convey to the federal government the project to which the contract relates upon the occurrence of a substantial default under the contract, in the same manner as the authority may do to secure such aid in connection with slum clearance and housing projects under this chapter.

**13-20-708.**

Bonds or other obligations issued by a housing authority in connection with a transit-oriented redevelopment project pursuant to this part shall be security for public deposits and legal investments to the same extent and for the same persons, institutions, associations, corporations, and other bodies and officers as bonds or other obligations issued pursuant to this chapter, in connection with the development of slum clearance or housing projects.

SECTION 2. This act shall take effect upon becoming a law, the public welfare requiring it.